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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 1992

Commission File Number 2-54754

General American Transportation Corporation

Incorporated in the State of New York

IRS Employer Identification No. 36-2827991

120 South Riverside Plaza
Chicago, Illinois 60606-3998
312/621-6200

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes √ No ___

Registrant had 1,000 shares of common stock outstanding (all owned by GATX Corporation) as of July 31, 1992.

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PART I--FINANCIAL INFORMATION

GENERAL AMERICAN TRANSPORTATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS (UNAUDITED)

In Millions

	Three Months Ended June 30		Six Months Ended June 30	
	1992	1991	1992	1991
Gross income	$142.5	$140.2	$282.9	$277.9
Costs and expenses				
Operating expenses	62.1	57.7	123.8	114.8
Interest	24.8	25.4	49.2	51.4
Provision for depreciation and amortization	25.3	24.4	50.5	48.8
Selling, general and administrative	9.0	11.1	18.1	21.1
	121.2	118.6	241.6	236.1
Income before income taxes, equity in net earnings of affiliated companies and cumulative effect of accounting changes	21.3	21.6	41.3	41.8
Income taxes	7.7	6.7	15.1	12.9
Income before equity in net earnings of affiliated companies and cumulative effect of accounting changes	13.6	14.9	26.2	28.9
Equity in net earnings of affiliated companies	3.5	3.5	7.9	7.1
Income before cumulative effect of accounting changes	17.1	18.4	34.1	36.0
Cumulative effect of accounting changes	-	-	(6.7)	-
Net income	$ 17.1	$ 18.4	$ 27.4	$ 36.0

GENERAL AMERICAN TRANSPORTATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

In Millions

ASSETS

	June 30 1992 (Unaudited)	December 31 1991
Cash and cash equivalents	$ 3.1	$ 6.0
Trade receivables - net	33.2	36.3
Property, plant and equipment		
Railcars and support facilities	1,720.7	1,691.9
Tank storage terminals and pipelines	926.0	890.4
	2,646.7	2,582.3
Less - Allowances for depreciation	1,084.9	1,038.6
	1,561.8	1,543.7
Due from GATX Corporation	360.1	338.8
Investments in affiliated companies	137.8	132.5
Other assets	78.9	78.9
	$ 2,174.9	$ 2,136.2

LIABILITIES, DEFERRED ITEMS AND SHAREHOLDER'S EQUITY

	June 30 1992 (Unaudited)	December 31 1991
Accounts payable	$ 67.2	$ 65.9
Accrued expenses	41.8	40.8
Debt		
Short-term debt	114.1	78.7
Long-term debt	794.8	808.8
Capital lease obligations	137.0	139.0
	1,045.9	1,026.5
Deferred income taxes	238.8	303.4
Other deferred items	179.4	105.7
Total liabilities and deferred items	1,573.1	1,542.3
Shareholder's equity		
Common Stock - par value $1 per share; 1,000 shares authorized, issued and outstanding (owned by GATX Corporation)	-	-
Additional capital	335.0	335.0
Reinvested earnings	256.4	247.9
Cumulative foreign currency translation adjustment	10.4	11.0
Total shareholder's equity	601.8	593.9
	$ 2,174.9	$ 2,136.2

GENERAL AMERICAN TRANSPORTATION CORPORATION AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED CASH FLOWS (UNAUDITED)

In Millions

	Three Months Ended June 30		Six Months Ended June 30	
	1992	1991	1992	1991
OPERATING ACTIVITIES				
Net income	$ 17.1	$ 18.4	$ 27.4	$ 36.0
Adjustments to reconcile net income to net cash provided by operating activities:				
Provision for depreciation and amortization	25.3	24.4	50.5	48.8
Deferred income taxes	2.2	.9	4.8	2.5
Cumulative effect of accounting changes	-	-	6.7	-
Other (includes working capital)	4.1	6.9	1.2	(1.6)
NET CASH PROVIDED BY OPERATING ACTIVITIES	48.7	50.6	90.6	85.7
INVESTING ACTIVITIES				
Additions to property, plant and equipment:				
Railcars and support facilities	(24.4)	(23.9)	(38.5)	(48.3)
Tank storage terminals and pipelines	(18.6)	(21.2)	(35.3)	(34.9)
Investments in affiliated companies	-	-	-	(2.9)
Capital additions	(43.0)	(45.1)	(73.8)	(86.1)
Proceeds from other asset dispositions	1.2	1.1	2.5	3.0
NET CASH USED IN INVESTING ACTIVITIES	(41.8)	(44.0)	(71.3)	(83.1)
FINANCING ACTIVITIES				
Proceeds from issuance of long-term debt	-	-	77.5	-
Repayment of long-term debt	(27.5)	(32.6)	(93.0)	(42.7)
Net increase in short-term debt	42.3	48.7	35.4	37.3
Capital lease obligation activity	-	-	(1.9)	(1.8)
Cash dividends paid to GATX Corporation	(9.5)	(9.8)	(18.9)	(19.5)
Net increase in amount due from GATX Corporation	(13.0)	(12.3)	(21.3)	(22.4)
NET CASH USED IN FINANCING ACTIVITIES	(7.7)	(6.0)	(22.2)	(49.1)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	$ (.8)	$ .6	$ (2.9)	$(46.5)

GENERAL AMERICAN TRANSPORTATION CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 1992

Note A - General

The consolidated balance sheet at December 31, 1991 has been derived from the audited financial statements at that date. All other consolidated financial statements are unaudited, but include all adjustments, consisting only of normal recurring items, which management considers necessary for a fair statement of the consolidated results of operations and financial position for the respective periods. Operating results for the three and six months ended June 30, 1992 are not necessarily indicative of the results that may be achieved for the entire year ending December 31, 1992. Certain amounts in the 1991 financial statements have been reclassified to conform to the 1992 presentation.

Note B - Changes in Accounting Principles

a) Change in Accounting Principles

General American Transportation Corporation (GATC) has implemented Statement of Financial Accounting Standards (SFAS) No. 106 - "Employers' Accounting for Postretirement Benefits Other Than Pensions" using the immediate recognition transition method, effective as of January 1, 1992.

SFAS No. 106 requires recognition during an employee's active service of the cost of postretirement benefits, primarily health and life insurance benefits. GATC's previous practice was to expense these costs as they were paid. GATC recorded a charge of $44.5 million ($68.6 million pretax) in the first quarter of 1992 to reflect the cumulative effect of the change in accounting principle for periods prior to 1992. Aside from the one-time effect of the adjustment, adoption of SFAS No. 106 was not material to 1992 quarterly or year-to-date financial results.

GATC provides health care, life insurance and other benefits for certain retired employees who meet established criteria. Most domestic employees are eligible for health care and life insurance benefits if they retire from GATC with immediate pension benefits under the GATX pension plan. The plans are either contributory or non-contributory, depending on the type of benefit.

Estimated net periodic postretirement benefit cost for 1992 includes the following components (in millions):

Current service cost	$ .2
Interest cost on accumulated postretirement benefit obligation	5.6
Net periodic postretirement benefit cost	$5.8

Prior to 1992, the cost of providing health care and life insurance benefits to retired employees was recognized as expense primarily as payments were made. These costs totaled $6.0 million and $5.7 million for the years 1991 and 1990, respectively.

The following table sets forth the transition obligation determined as of January 1, 1992 which was recognized in the consolidated balance sheet as of March 31, 1992 (in millions):

Accumulated postretirement benefit obligation:	
Retirees	$63.5
Fully eligible active plan participants	2.5
Other active plan participants	2.6
Total accrued postretirement benefit obligation	$68.6

For measurement purposes, blended rates ranging from 15% decreasing to 5% over the next six years and remaining at that level thereafter were used for the increase in the per capita cost of covered health care benefits. The health care cost trend rate assumption has a significant effect on the amount of the obligation and periodic cost reported. An increase in the assumed health care cost trend rates by 1% would increase the accumulated postretirement benefit obligation by $5.0 million and would increase aggregate service and interest cost components of net periodic postretirement benefit cost by $.5 million per year.

The weighted-average discount rate used in determining the accumulated postretirement benefit obligation was 9.0%.

b) Change in Method of Accounting for Deferred Income Taxes

Effective January 1, 1992, GATC adopted SFAS 109, "Accounting for Income Taxes." This Statement requires, among other things, that recognition of deferred income taxes be measured by the provisions of enacted tax laws in effect at the date of the financial statements. The cumulative effect of the adoption of this Statement was to increase first quarter 1992 net income by $37.8 million.

MANAGEMENT'S DISCUSSION OF OPERATIONS

COMPARISON OF FIRST SIX MONTHS OF 1992 TO FIRST SIX MONTHS OF 1991

GENERAL

General American Transportation Corporation's (GATC's) net income for the first six months of 1992 was $27 million compared to net income of $36 million for the first half of 1991. The year-to-date 1992 results were reduced by $7 million due to a one-time non-cash net accounting charge for postretirement benefits and deferred taxes which was recorded in the first quarter.

Gross income increased 2% over the comparable 1991 period due to modestly higher revenues at the domestic terminal facilities, partially offset by slightly lower miscellaneous revenues at Transportation. Income before the cumulative effect of accounting changes decreased $2 million as a result of higher repair and operating expenses at Transportation, partially offset by improved operating results at Terminals.

In the first quarter of 1992, GATC implemented Statement of Financial Accounting Standards (SFAS) No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions, and SFAS No. 109, Accounting for Income Taxes. SFAS No. 106 requires that certain postretirement benefits, principally health care and life insurance, be recognized in the financial statements on an accrual basis rather than on a pay-as-you-go basis. GATC recorded a one-time aftertax charge of $45 million for the transition obligation related to the implementation of this Standard. The principal change resulting from SFAS No. 109 is the recording of deferred taxes at amounts ultimately considered payable which resulted in a $38 million favorable adjustment. The implementation of these standards increased deferred items on the balance sheet by $69 million, decreased deferred taxes by $62 million and decreased shareholder's equity by $7 million. There was no cash flow impact from this net charge to earnings.

Cash provided by operating activities of $91 million increased $5 million principally as a result of an increase in working capital. Net income adjusted for non-cash items generated $89 million of cash, up $2 million from the first six months of 1991.

Capital additions of $74 million in the first half of 1992 decreased $12 million from the first half of 1991. Capital additions in 1992 included $39 million of railcars and railcar improvements at Transportation and $35 million of facility improvements at Terminals. Full year 1992 capital spending is forecasted to be approximately $215 million compared to $187 million in 1991. A portion of the 1992 expenditures may not be effected depending on market conditions. It is anticipated that capital expenditures will be funded by both internally generated funds and GATC's available external financing sources.

GATC had unused committed lines of credit totaling $120 million under a revolving credit agreement at June 30, 1992 of which $75 million is alternatively available to GATX for acquisition purposes only. In addition, General American Transportation Corporation has a $350 million shelf registration, under which $133 million of debentures and medium-term notes have been issued. GATC did not issue any medium-term notes nor any other long-term debt during the quarter.

RESULTS OF OPERATIONS

Following is a discussion of the operating results of GATC's business segments:

RAILCAR LEASING AND MANAGEMENT (TRANSPORTATION)

(In Millions)	Six Months Ended June 30		Change	
	1992	1991		
Gross Income	$ 142.0	$ 143.5	$(1.5)	(1)%
Income Before Cumulative Effect of Accounting Changes	$ 22.9	$ 28.0	$(5.1)	(18)%
Net Income	$ 29.1	$ 28.0	$ 1.1	4 %

Transportation's gross income of $142 million for the first half of 1992 decreased slightly from 1991 reflecting lower miscellaneous income primarily due to the prior year sale of its interest in a Mexican affiliate. Railcar rental income increased modestly due to a higher average rental rate; average cars on lease declined slightly from the prior year. Fleet utilization at June 30, 1992 was 93% on a fleet size of 53,800 railcars compared to 94% on a fleet size of 53,300 a year ago.

The decline in income from operations primarily reflects a modest decline in operating margins due to higher inspection and repair costs and lower interest rates on invested funds. The average cost per railcar repaired has increased due to several inspection and repair programs. The adoption of SFAS No. 109 increased net income by $39 million while the adoption of SFAS No. 106 decreased net income by $33 million.

TERMINALS AND PIPELINES

(In Millions)	Six Months Ended June 30			
	1992	1991	Change	
Gross Income	$ 130.1	$ 121.7	$ 8.4	7 %
Income Before Cumulative Effect of Accounting Changes	$ 11.2	$ 8.0	$ 3.2	40 %
Net Income	$ 6.5	$ 8.0	$(1.5)	(19)%

Terminals' 1992 gross income increased $8 million from the first six months of 1991. This increase is the result of the completion of a number of capital projects and strong results at many domestic operations. In addition, Terminals' 1991 revenues were adversely affected by market uncertainties caused by the Persian Gulf War. Throughput of 316 million barrels for the first six months of 1992 decreased 12 million barrels from the first six months of 1991 reflecting changes in the operations of certain customers. Utilization was 88% at June 30, 1992 compared to 84% a year ago.

Terminals' income from operations of $11 million grew $3 million from the 1991 comparable period. Terminals' increased results represent improved contributions due to domestic facility improvements, an increase in margins resulting from cost controls, and increased earnings at certain foreign affiliates. Equity in net earnings of affiliated companies of $6 million increased $1 million from the 1991 first six months primarily as a result of increased demand at the Singapore facilities, partially offset by decreased results at a United Kingdom affiliate. The adoption of SFAS No. 109 increased net income by $3 million while the adoption of SFAS No. 106 decreased net income by $8 million.

ACCOUNTING CHANGES

The effect of adopting SFAS No. 106 and SFAS No. 109 on net income for each of GATC's segments is:

		Cumulative Effect of Accounting Changes			
In Millions	Income Before Cumulative Effect of Accounting Changes	SFAS 106 OPEB	SFAS 109 Deferred Taxes	Net Income	Net Income
	Six Months Ended June 30, 1992				1991
Railcar Leasing & Management	$ 22.9	$(32.5)	$ 38.7	$ 29.1	$ 28.0
Terminals and Pipelines	11.2	(7.7)	3.0	6.5	8.0
Other	-	(4.3)	(3.9)	(8.2)	-
Total consolidated amounts	$ 34.1	$(44.5)	$ 37.8	$ 27.4	$ 36.0

COMPARISON OF SECOND QUARTER 1992 TO SECOND QUARTER 1991

GROSS INCOME

(In Millions)	Three Months Ended June 30		Change	
Business Segment	1992	1991		
Railcar Leasing and Management	$ 71.0	$ 73.1	$ (2.1)	(3)%
Terminals and Pipelines	65.5	61.1	4.4	7

NET INCOME

(In Millions)	Three Months Ended June 30		Change	
Business Segment	1992	1991		
Railcar Leasing and Management	$ 11.8	$ 14.5	$ (2.7)	(19)%
Terminals and Pipelines	5.3	3.9	1.4	36

Increases and decreases in gross income and net income between these quarters for both segments were principally due to the same reasons discussed previously in relation to the six-month periods, except for the implementation of FASB's No. 106 and No. 109 during the first quarter of 1992.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

In February, 1992, GATC filed a notice of appeal from a verdict of approximately $11.9 million rendered against it in the matter of Queen City Terminals, Inc., Sohio Oil Company and BP Chemicals American, Inc. vs. GATC and Trinity Industries, Inc. (No. A85-04982) in the Court of Common Pleas for Hamilton County, Ohio. The suit arose out of the leak of benzene from railcars in Cincinnati, Ohio. The amount of the verdict, less insurance coverages, has been adequately reserved.

As previously reported, a railcar owned by GATC was involved in a derailment near Dunsmuir, California in July 1991 that resulted in a spill of metam sodium into the Sacramento River. Various lawsuits seeking damages in unspecified amounts have been filed against GATC, or an affiliated company, all of which have been consolidated in the Superior Court of the State of California for the City and County of San Francisco (Nos. 2617 and 2620). In addition, in February 1992 Southern Pacific Transportation Corporation filed a suit against GATX and others in the United States District Court, Central District of California (No. 92 1296), seeking contribution and damages in unspecified amounts arising from this incident. GATC has also been named as a potentially responsible party by the State of California with respect to the assessment and remediation of possible damages to natural resources. It is the opinion of management that if damages are assessed and taking into consideration the probable insurance recovery, this matter will not have a material effect on GATC's consolidated financial position or results of operations.

GATC has previously reported that a number of lawsuits have been filed in the Superior Court for the State of California, and served on Terminals, Calnev Pipe Line Company ("Calnev"), or another GATX subsidiary, each seeking an unspecified amount of damages arising out of the May 1989 explosion of a portion of Calnev's pipeline in San Bernardino, California. A suit has also been filed in the County of San Bernardino, entitled Southern Pacific Transportation Corporation vs. Calnev Pipe Line Company, et al, (No. 251310) in September 1989, seeking declaratory relief as to certain provisions contained in the agreement covering the right of way granted to Calnev by the Southern Pacific. In addition, GATC is aware of approximately 25 other cases (the majority involving multiple plaintiffs) seeking damages arising out of this incident, which have named as defendants either a subsidiary of GATC or a subsidiary officer. None of these additional cases have been served on either the GATC subsidiary or a subsidiary officer. Based upon information known to management, it remains management's opinion that if damages are assessed and taking into consideration probable insurance recovery, the ultimate resolution of these lawsuits will not have a material effect on GATC's consolidated financial position or results of operations.

Item 6.	Exhibits and Reports on Form 8-K.	Page
(a) 12	Statement regarding computation of ratios of earnings to fixed charges.	14
(b)	No reports on Form 8-K were filed during the reporting period.	

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GENERAL AMERICAN TRANSPORTATION CORPORATION
(Registrant)

/s/D. Ward Fuller
D. Ward Fuller
President, Chief Executive Officer
and Director
(Duly Authorized Officer)

/s/ Donald J. Schaffer
Donald J. Schaffer
Vice President, Finance
(Chief Financial Officer)

Date: August 11, 1992

Exhibit 12

GENERAL AMERICAN TRANSPORTATION CORPORATION

COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
(Unaudited)
(In millions except for ratios)

	Three Months Ended June 30		Six Months Ended June 30	
	1992	1991	1992	1991
Earnings available for fixed charges:				
Net income	$17.1	$18.4	$27.4	$36.0
Add (deduct):				
Income taxes	7.7	6.7	15.1	12.9
Cumulative effect of accounting changes	-	-	6.7	-
Equity in net earnings of affiliated companies, net of dividends received	(2.6)	(2.5)	(6.3)	(5.4)
Interest on indebtedness and amortization of debt discount and expense	24.8	25.4	49.2	51.4
Amortization of capitalized interest	.3	.2	.5	.4
Portion of rents representative of interest factor (deemed to be one-third)	2.0	1.4	4.0	2.7
Total earnings available for fixed charges	$49.3	$49.6	$96.6	$98.0
Fixed Charges:				
Interest on indebtedness and amortization of debt discount and expense	$24.8	$25.4	$49.2	$51.4
Capitalized interest	.7	.7	1.4	1.4
Portion of rents representative of interest factor (deemed to be one-third)	2.0	1.4	4.0	2.7
Total fixed charges	$27.5	$27.5	$54.6	$55.5
Ratio of earnings to fixed charges(A)	1.79x	1.80x	1.77x	1.77x

(A) The ratios of earnings to fixed charges represents the number of times "fixed charges" are covered by "earnings." "Fixed charges" consist of interest on outstanding debt and capitalized interest, one-third (the proportion deemed representative of the interest factor) of rentals, and amortization of debt discount and expense. "Earnings" consist of consolidated income from ongoing operations before income taxes and fixed charges less equity in net earnings of affiliated companies, net of dividends received.